

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

	For the period from 17th November, 2003 to 31st December, 2003 (HK\$'000)	For the six months ended 30th June, 2004 (HK\$'000)	For the six months ended 31st December, 2004 (HK\$'000)	For the six months ended 30th June, 2005 (HK\$'000)	Up to Latest Practicable Date 20th January, 2006 (HK\$'000)
	Business objectives	Actual business progress	Business objectives	Actual business progress	Business objectives
	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
	— conduct research and studies on the equipment required, the suppliers of the equipment and the markets for cocoa butter and cocoa powder	— the Group conducted its research on the equipments and the suppliers for the cocoa beans industry	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
	— commence construction of cocoa processing factory	— the Group decided to delay the construction of factory and establishment of cocoa processing operations due to the election process in which makes all of the investment activities process slow down	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
	— acquire equipment	— the Group decided to delay the construction of factory and establishment of cocoa processing operations due to the election process in which makes all of the investment activities process slow down	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
	— commence assembling the cocoa processing operation	— the Group decided to delay the construction of factory and establishment of cocoa processing operations due to the election process in which makes all of the investment activities process slow down	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
2.	Construct factory and establish operations	— the Group decided to delay the construction of factory and establishment of cocoa processing operations due to the election process in which makes all of the investment activities process slow down	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
	— the construction of cocoa processing factory would be commenced in the first quarter of year 2006 and completed in the first quarter of year 2007	— the construction of cocoa processing factory would be commenced in the first quarter of year 2006 and completed in the first quarter of year 2007	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies
	— the construction of cocoa processing factory would be commenced in the first quarter of year 2006 and completed in the first quarter of year 2007	— the construction of cocoa processing factory would be commenced in the first quarter of year 2006 and completed in the first quarter of year 2007	— direct marketing to both overseas and domestic cocoa trading companies	— the marketing team was looking for opportunities to expand the export market only, since the demand commanded from the overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export prices. The Directors believe that this situation will continue and decide to shift all the marketing efforts/resources to the oversea market and put the domestic market on hold	— direct marketing to both overseas and domestic cocoa trading companies

Expansion into other cocoa-related business

1. Conduct market research and feasibility studies

2. Construct factory and establish operations

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

	For the period from 17th November, 2003 to 31st December, 2003 (HK\$'000)	For the six months ended 30th June, 2004 (HK\$'000)	For the six months ended 31st December, 2004 (HK\$'000)	For the six months ended 30th June, 2005 (HK\$'000)	Up to Latest Practicable Date 20th January, 2006 (HK\$'000)	
	Business objectives	Actual business progress	Business objectives	Actual business progress	Business objectives	
3.	Marketing and promotional activities	<p>— direct marketing to cocoa products manufacturing companies</p> <p>— the Company had started to approach the cocoa products manufacturing companies and conducted direct marketing to them</p>	<p>— complete assembling of the cocoa processing operation and commence production</p> <p>— the Group decided to delay the construction of factory and further establish cocoa-processing operations and production due to the election process in Indonesia, which caused all investment activities to slow down</p>	<p>— direct marketing to cocoa products manufacturing companies</p> <p>— the Company decided to switch the marketing focus of the cocoa products to the existing clients, it is because they would purchase comparatively larger amount than cocoa products manufacturing companies with the similar prices, also, the marketing team has obtained a verbal confirmation from existing clients that they would purchase our cocoa products</p>	<p>— direct marketing to cocoa products manufacturing companies</p> <p>— the Company decided to switch the marketing focus of the cocoa products to the existing clients, it is because they would purchase comparatively larger amount than cocoa products manufacturing companies with the similar prices, also, the marketing team has obtained a verbal confirmation from existing clients that they would purchase our cocoa products</p>	<p>— complete assembling of the cocoa processing operation and commence production</p> <p>— the assembling of the cocoa processing operation would be commenced in the first quarter of year 2006 and completed in the first quarter of year 2007</p>

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

	For the period from 17th November, 2003 to 31st December, 2003		For the six months ended 30th June, 2004		For the six months ended 31st December, 2004		For the six months ended 30th June, 2005		Up to Latest Practicable Date 20th January, 2006	
	(HK\$'000)	Actual business progress	(HK\$'000)	Actual business progress	(HK\$'000)	Actual business progress	(HK\$'000)	Actual business progress	(HK\$'000)	Actual business progress
Expansion of warehouse capacity										
1.	Purchase or construct warehouse in Sulawesi	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— the Group decided to delay the construction of warehouse and further establish the operations due to the election process in Indonesia, which caused all investment activities to slow down</p>	<p>— complete the purchase or construction of the warehouse</p>	<p>— the Group decided to delay the construction of warehouse and further establish the operations due to the election process in Indonesia, which caused all investment activities to slow down</p>	<p>— complete the purchase or construction of the warehouse</p>	<p>— the Group is in the process of formulating more concrete plans to implement it</p>	<p>— search for a suitable warehouse or location for constructing a warehouse and to commence the purchase or construction of the warehouse</p>	<p>— the construction of warehouse would be commenced in the first quarter of year 2006 and completed in the last quarter of year 2006</p>	<p>— the construction of warehouse would be commenced in the first quarter of year 2006 and completed in the last quarter of year 2006</p>
2.	Purchase or construct warehouse in Serang, in Banten	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>	<p>— search for a suitable warehouse or location for constructing a warehouse</p> <p>— commence the purchase or construction of the warehouse</p>

The following are the summary of what have been postponed with respect to the Group's original business objectives and relevant actions to be taken by the Group:

Expansion of trading volume

- (i) The Group had postponed the sales and marketing team expansion, it is because the Directors considered that the existing human resources for marketing and promotional purposes are enough for current business. In the future, the Group would be hiring additional staff for the team if necessary.
- (ii) The Group had only attended few trade shows, exhibitions and conferences relating to the cocoa industry in Europe but none for US as the Directors have difficulties to apply visas for entry into US and some European countries. However, the Group will continue to look for any trade shows, exhibitions and conferences relating to the cocoa industry which it could attend.
- (iii) The Group only marketed to overseas customers in the past few years and has succeeded in obtaining one new overseas customer in year 2004. In addition, the marketing team had ceased direct marketing to domestic market as the demand commanded from overseas markets is far superior to domestic market and the domestic selling price discounted 15% to 20% to the export price. The Directors also believe that this situation will continue in the next couple of years. The Directors will keep reviewing the cocoa market and consider re-entry to the domestic market at an appropriate time.

Expansion into other cocoa-related business

- (i) The Group has postponed to commence the construction of cocoa processing factory, the acquisition of the any relevant equipments and assembling them. It was mainly due to the election process in Indonesia which caused all of the investment activities process to slow down. However, the Directors considered that such business plan is still viable, after reformulating, the new cocoa processing operation would commence in the first quarter of year 2006 and is expected to be completed in the first quarter of year 2007, details of which are set out in the paragraph headed "Expansion into cocoa processing operations" under the sector headed "Future Plans and Prospects" in this Listing Document.
- (ii) Since the Group has postponed the commencement of the cocoa processing business, no relative products such as cocoa butter, cocoa power have been sold. In addition, the Directors decided to shift their marketing focus from direct marketing to cocoa products manufacturing companies to the existing clients. It is because the existing clients would purchase comparatively larger amount than cocoa products manufacturing companies with the similar prices. Besides, the Group has obtained the verbal confirmation from the existing clients that they would purchase our cocoa processing products.

Expansion of warehouse capacity

- (i) The Company has also postponed purchasing and/or constructing any warehouse in Sulawesi and Serang in Indonesia. It is because the new warehouse is considered as a part of the cocoa processing business in the new business plans, therefore, its timetable should be in line with the cocoa processing factory construction. The Company would construct one warehouse in Sulawesi in Indonesia and its construction would start in the first quarter of year 2006 and is expected to be completed in the last quarter of year 2006 which details are set out in the paragraph headed “Expansion of warehouse capacity” under the sector headed “Future Plans and Prospects” in this Listing Document.